

**Myths & Facts About Transit**

Transit in Michigan is largely funded by state government.

**Myth.**

Transit is largely funded at the local level.

There is very little oversight of transit funding.

**Myth.**

Public Transportation is subject to some of the strictest reporting requirements of any mode of transportation funding and has been for years.

Transit isn't used in Michigan and the buses are always empty.

**Myth.**

In 2014 there were more than 96 million rides served by public transportation and there is some form of public transit in every one of Michigan's 83 counties. Just like roads, there are times of the day when buses are full and times when they are lightly traveled.

## Transit Funding in Michigan

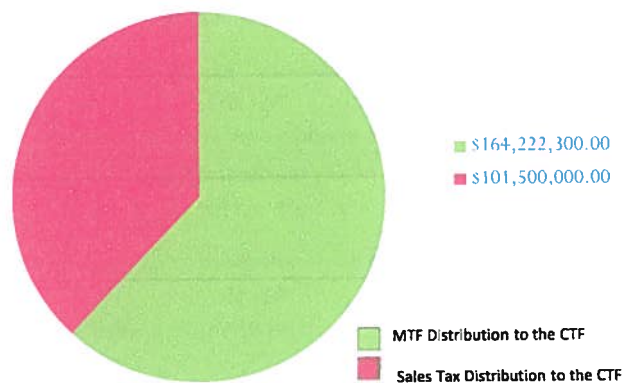
- The State Constitution (Article IX, Section 9) specifically states that after the state spends at least 90% of available funds for roads, the remainder, after the payment of necessary collection expenses; "shall be used exclusively for the transportation purposes of comprehensive transportation purposes as defined by law."
- The Comprehensive Transportation Fund (CTF) is a state-restricted fund created in Section 10b of Public Act 51 of 1951 (Act 51).
- The CTF has two primary revenue sources:
  - Up to 10% of the MTF
 

Section 10 of Act 51 directs 10% of MTF revenue to the CTF; however, because this earmark comes after several statutory deductions from the MTF, the effective distribution to the CTF is just over 8% of gross MTF revenue.
  - A portion of auto-related sales tax
 

Section 25 of the General Sales Tax Act directs that "not less than 27.9% of 25% of the collections of the general sales tax imposed" on the sales of motor fuels, motor vehicles, and automotive parts and accessories be deposited each year into the CTF.

The largest contributor to auto sales tax for the CTF is, of course, the gas tax.

CTF Funding Sources



## How Public Transit Is Funded

### Federal Funding

Restricted to capital needs  
Requires a \$1 match for every \$4 of federal money

### State Funding

State law sets the ceiling at 50% for urban systems and 60% for rural systems (of eligible costs, as determined annually by MDOT).

Projected rates for FY 16 are 30% for urban (100,000 pop +) and 36% for non-urban

### Local Funding

Local millages

Over 92% of millages on the ballot in MI in the past decade passed

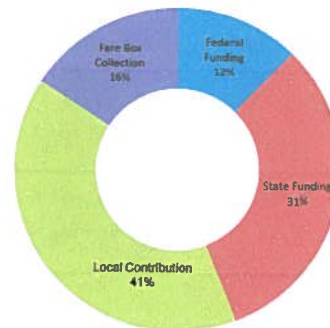
Contracted services

Local general fund revenue

### Fare Box Collection

ADA mandates reduced half-fare rates for seniors and disabled passengers.

State Average For Public Transit Revenue Sources as a Percent of Total Revenue



## Local Bus Operating & Bus Capital Match

- CTF funding to transit systems is distributed through two main line items.
  - Local Bus Operating (LBO) which has remained basically unchanged and steady since fiscal 2006 at approximately \$166 million.
  - Bus Capital Match in which every dollar invested by the state has leveraged \$4 in federal capital match. Bus Capital may be used only for purchase of buses and capital structural projects. Bus Capital Match has fluctuated over the past decade, enjoying stronger support under the Snyder Administration which is committed to drawing down all available federal dollars. It is currently at approximately \$32 million annually.

## Local Bus Operating's Diminishing Return

While LBO has remained steady over the past decade the buying power of that state support has diminished dramatically.

### •Costs of goods and maintenance

- Gasoline, Oil and Tires
- Health Care/Benefits
- Repairs due to road conditions

### •Increased demand for service

- Growth occurring statewide, both urban and non-urban areas

## How Are Agencies Responding?

### Local Millage Increases

- 2014: Flint MTA – Additional .425 mill in Genesee County  
 SMART-SE Michigan – More than doubled millage to 1.00 mill in Wayne, Oakland and Macomb Counties

### Reductions in Service

- 2014: Flint MTA – Reduced line-haul route frequency to one bus/hour and eliminated all evening route service for summer months  
 2013: STARS-Saginaw – Eliminated all weekend service  
 2013-14: DDOT-Detroit and SMART-SE Michigan reducing bus frequency and routes

### Rehabbing old Buses rather than buying new

CATA-Lansing, Flint-MTA and DDOT-Detroit all utilized rehabbed vehicles in their operations

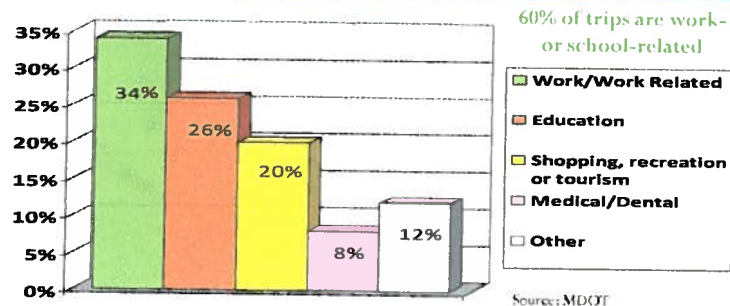
“Pinching Pennies” All agencies, urban and non-urban, squeeze efficiencies out of available funds

## Future Demands Creating Stress

- State Policy dictates that MDOT support all new systems
  - More systems means less \$ available for each system
- System expansion to meet new demands
  - RTA in Southeast Michigan
  - M-1 Rail
  - Bus Rapid Transit: Grand Rapids and Lansing (proposed)
  - Additional local funding means greater pressure on LBO
  - Increased bus maintenance due to road conditions

## Michigan Public Transportation

### Bottom Line: It's All About People



## Unprecedented Ridership Growth

Urban Growth	2004	- 2014	% Change
• The Rapid-Grand Rapids	5,483,352	12,524,770	128%
• Blue Water-Port Huron	645,490	1,226,629	90%
• MTA-Flint	3,545,584	5,457,756	54%
• AAATA-Ann Arbor	4,383,247	6,529,916	49%
• CATA-Lansing	8,612,675	11,356,539	32%
• Battle Creek	502,882	547,304	9%
• SMART-SE Michigan	9,353,456	9,492,631	1.5%
<b>Non-Urban Growth</b>			
• Straits Regional Ride-Cheboygan	11,484	43,759	281%
• Thunder Bay-Alpena	67,426	141,628	110%
• Houghton	52,343	91,910	76%
• Iosco County	24,539	40,164	63%
• Shiawassee County	64,785	96,007	48%
• Charlevoix County	106,303	117,344	10%
DDOT-City of Detroit	39,844,705	24,475,243	(39%)

Contact: Clark Harder  
Executive Director  
2875 Northwind Drive, Ste. 120  
East Lansing, MI 48823  
517-324-0858  
mptaclark@comcast.net

[www.mptaonline.org](http://www.mptaonline.org)



© Michigan Public Transit Association, 2015